

Resolution No. 15-889
Introduced: January 18, 2005
Adopted: February 8, 2005

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Management and Fiscal Policy Committee

SUBJECT: Council support for transfer of interest in Starpower Communications, L.L.C.

Background

1. Section 8A-23(a) of the County Code provides:

A transfer of the franchise, or a transfer of an interest in the franchise that results in a change in ownership of the franchise of 5 percent or more, must not occur without prior approval by the County. However, a transfer of an interest to a person who already holds an ownership interest of 25 percent or more does not require prior County approval if transfer of a franchise does not occur.

2. Section 3(a)(1) of the Franchise Agreement with Starpower Communications, L.L.C. (Starpower) contains language that is virtually identical to Section 8A-23(a) of the County Code.
3. Starpower was a joint venture between RCN Telecom Services of Washington, D.C., Inc. (RCN) and Pepco Communications, in which each party held a 50 percent interest.
4. In May 2004, RCN and certain affiliated companies filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Reform of 1978 with the U.S. Bankruptcy Court in the Southern District of New York. As part of the proceeding, RCN arranged financing that included funding to acquire the 50 percent interest Pepco Communications held in Starpower.
5. On December 8, 2004, the U.S. Bankruptcy Court in the Southern District of New York approved RCN's Chapter 11 filing.
6. On December 15, 2004, the Executive held a public hearing to receive comments on the purchase by RCN of the 50 percent interest in Starpower that was previously held by Pepco Communications. Jane Lawton, Cable Communications Administrator, Office of Cable and Communications Services, and Richard Wadman, Vice President and General Manager of Starpower, were the only speakers.


7. Although not required by law to do so, the Executive Branch considered the legal, financial, and technical aspects of the proposed transaction and if the transfer of interest would adversely affect cable services to subscribers, affect RCN's ability to operate the system, or otherwise be contrary to the public interest. The Executive Branch determined that the proposed transaction will enhance Starpower's ability to provide services and is in the public interest.
8. On January 31, 2005, the Management and Fiscal Policy Committee held a worksession to review the transfer of interest and to receive comments on the transfer from the public. The Committee (3-0) expressed support for the transfer of interest from Pepco Communications to RCN.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

The County Council supports the transfer of interest in Starpower Communications L.L.C. from Pepco Communications to RCN Telecom Services of Washington, D.C., Inc.

This is a correct copy of Council action.



Elda M. Dodson, CMC
Acting Clerk of the Council